

1 **VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY**
2 **REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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9 Southwest Economic Development Committee Meeting
10 Tuesday, January 11, 2011
11 8:30 a.m.

12
13 Hilton Gardens Inn [Downtown]
14 501 East Broad Street
15 Richmond, Virginia

1 **APPEARANCES**

2

3 The Honorable Phillip P. Puckett, Chairman

4 James S. Cheng, Secretary of Commerce & Trade

5 Ms. Linda P. DiYorio

6 The Honorable Joseph P. Johnson, Jr.

7 Mr. H. Ronnie Montgomery

8 Israel O'Quinn

9 David S. Redwine, DVM

10 Mr. John Stallard

11 The Honorable William C. Wampler, Jr.

12 Delegate Frank Kilgore

13

14 **COMMISSION STAFF**

15 Neal Noyes, Executive Director

16 Ned Stephenson, Deputy Executive Director

17 Timothy J. Pfohl, Grants Program Administration Manager

18 Stephanie S. Kim, Director of Finance

19 Sara G. Williams, Grants Program Administrator

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21 **OFFICE OF THE ATTORNEY GENERAL**

22 Francis N. Ferguson, Counsel to the Commission

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4 SENATOR PUCKETT: I'm going to call to order
5 the meeting of the Southwest Economic Development
6 Committee; I welcome everyone to the meeting. I'll ask Neal to
7 call the roll.

8 MR. NOYES: Secretary Cheng?

9 SECRETARY CHENG: Here.

10 MR. NOYES: Ms. DiYorio?

11 MS. DIYORIO: Here.

12 MR. NOYES: Delegate Johnson?

13 DELEGATE JOHNSON: Here.

14 MR. NOYES: Mr. Montgomery?

15 MR. MONTGOMERY: Here.

16 MR. NOYES: Mr. O'Quinn?

17 MR. O'QUINN: Here.

18 MR. NOYES: Senator Puckett?

19 SENATOR PUCKETT: Here.

20 MR. NOYES: Mr. Redwine?

21 MR. REDWINE: Here.

22 MR. NOYES: Mr. Stallard?

23 MR. STALLARD: Here.

24 MR. NOYES: Senator Wampler?

25 SENATOR WAMPLER: Here.

1 MR. NOYES: You have a quorum Mr.
2 Chairman.

3 SENATOR PUCKETT: Thank you. Next we
4 have approval of the minutes of October 4, 2010. It's been
5 moved and seconded. All in favor say aye (ayes). Opposed?
6 (No response). The minutes are approved. Following the
7 agenda we have a discussion of the existing FY03-06 grants
8 previously extended through December 31, 2010. Tim, I'll
9 turn it over to you.

10 MR. PFOHL: Good morning everyone. The
11 staff emailed you a report describing several proposals that are
12 in front of you today. The first group of these are grants that
13 were initially awarded in fiscal years '03 to '06 period of time.
14 At your April meeting staff advised you that these grants had
15 reached a four year anniversary from the original date of
16 approval. Per our policy, staff administratively extended the
17 grant to the fourth anniversary and any requests by grantees
18 to use the funds beyond four years; the fourth anniversary
19 requires approval and Committee action. In April this first
20 group of projects you gave them an extension through
21 December 31, 2010. Staff notified the grantees that that
22 extension and we asked for an update on each of these
23 projects by January 3rd. The first few pages of the staff report
24 Michelle has extra copies if anyone needs it, that's in front of
25 you.

1 The first group of projects are those that have
2 reported back from that December 31 extension. There's a
3 couple of projects that have essentially wrapped up their
4 activities and there are several that are asking for various
5 amounts of additional extension. We can move through those
6 one by one. Beyond those projects we have a few requests to
7 change the use of funds of previously awarded grants and we'll
8 move through those as well. Then we have projects that were
9 tabled in fiscal year 2011 round which we will visit today. So,
10 Mr. Chairman, we can start with page one which were the
11 grants extended to December 31, 2010.

12 SENATOR PUCKETT: Yes, let's do that.

13 MR. PFOHL: First we have two grants that
14 were awarded in 2003 and then 2005, the Bristol Historical
15 Association Preservation of Robert Preston House creating a
16 living history museum there. That's grant 431. They have
17 just under \$15,000 remaining.

18 The second grant has a full \$30,000 balance
19 remaining so we're talking about \$45,000 for these two
20 projects. These are two of the oldest houses in the Bristol
21 area. They're in the path of commercial development
22 alongside I-81. We've been notified by the Historical
23 Association that they do have a contract to purchase that
24 house and the board acted to go ahead with the purchase of
25 that property and the house and they expect this to happen no

1 later than March 31st. They're asking that you allow them to
2 use the funds through March 31st to execute the purchase
3 contract on the property.

4 DELEGATE JOHNSON: I move that we grant
5 it.

6 SENATOR PUCKETT: I think what we'll do is
7 look at them in a block. If somebody wants to pull one out of
8 the block we can do that.

9 DELEGATE JOHNSON: Then I'll withdraw my
10 motion.

11 MR. PFOHL: The second is the Burley Tobacco
12 Festival and Farm Show, Washington County Fairground Road
13 grant #1122 which was approved in April 2006 and there's
14 \$95,000 remaining. That was to build a second entrance to
15 the Washington County Fairgrounds. The grantee notified us
16 in December that they were approved for an Erosion and
17 Sediment Control Plan approved by the Town of Abingdon.
18 The balance may not be sufficient to build the entire road.
19 They have a phased approach to constructing a portion of the
20 road, 1,600 feet on town owned land and that's being
21 considered. They're requesting a one year extension through
22 the end of 2011 to use the current grant which is 1122.

23 Number three the Historic Crab Orchard
24 Museum Development of Farm Heritage and Events Center
25 grant number 1111. That was \$142,500 grant when approved

1 and that was in April 2006. The museum notified us they
2 completed the use of the grant funds and put the project on
3 hold because of the fundraising situation and they're prepared
4 to close out the grant and return the balance of approximately
5 \$27,000 to the Southwest Committee. They're not requesting
6 further extension of that and no action is required.

7 The next one is the Town of Lebanon; two
8 grants involved, this one is for the Industrial/Commercial
9 Water Improvements grant number 1125 and that involves the
10 construction of a water storage tank pump station and water
11 lines and that's for \$285,000 approved in April of 2006.
12 Number 1419 approved in October of 2007 for \$250,000
13 remaining. The Town has notified us they have acquired the
14 property where they intend to build the water storage tank and
15 they intend to put the project out for bid by March. They
16 expect to have it done by mid-year 2011. They're asking for an
17 extension for the duration of the project and they were not
18 specific in the length of time they're asking for. Staff has
19 recommended a six month extension. That appears that
20 would be sufficient to complete the project.

21 Next is the Lee County Industrial Development
22 Authority grant 903, Constitutional Oaks Phase 1-A approved
23 in August of 2005 and that's a \$400,000 grant. They've used
24 \$100,000 of that so far for the design and access road and
25 utilities in the park. There's a \$300,000 balance remaining.

1 The grantee has notified us they have worked with the
2 property owners adjacent to the Constitutional Oaks Park. We
3 have a letter from the VDOT staff which indicates they feel like
4 they are prepared to move ahead with the design for the work
5 which includes some crossover and turn lanes on US 58 and
6 an access road into the park with a shell building, design work
7 is underway. The grantee requests an additional four month
8 extension to bid the project and begin construction. Staff
9 suggest a 6 to 12 month extension may be needed to complete
10 construction. The County IDA Director is here if there's any
11 questions and if you want to discuss the extension.

12 Scott County Economic Development
13 Authority, grant 1128 for the Regional Technology Frontier.
14 There's a \$10,000 balance remaining that was a 2006 award.
15 The second grant is 1138 for the e-Corridor Park phase II
16 design, \$76,235 remaining in grant 1138. The regional
17 technology frontier grant is a program to regionally market the
18 technology assets of the Lenowisco region. They've met with
19 the Lenowisco Board planning district staff and other
20 neighboring economic developers to develop a marketing plan
21 that will be completed by March 31, 2011. They're asking for
22 an extension but not a specific timeframe. The grantee
23 requested an additional extension but hasn't stated a specific
24 timeframe. On the second one the e-Corridor Park Design the
25 EDA has received an advance on that grant and have an

1 engineering contract. There may be some funds that come
2 back to us from that \$40,000 advance and then above and
3 beyond that, the EDA indicated the remaining funds in that
4 grant can be returned to the Committee. We're estimating
5 somewhere between 75 and 80 thousand coming back to the
6 Committee, the e-Corridor grant.

7 Finally, Washington County Habitat for
8 Humanity restore start up grant number 1130 approved in
9 2006 and \$13,406 remaining. They had purchased a truck
10 that would allow them to collect contributions and Habitat
11 then sells it within the region to the ReStore. They submitted
12 paperwork to the staff to clear out the grant. They're not
13 seeking a further extension.

14 MR. NOYES: Members of the Committee, I
15 signed off on that project yesterday.

16 MR. PFOHL: That concludes the first group.

17 SENATOR PUCKETT: Thank you Tim. Any
18 comments or questions concerning what Tim has advised us?
19 If I heard things right, I think that Lee County, we need to
20 design the timeframe. That's the only one that's sort of left
21 open.

22 MR. PFOHL: The Town of Lebanon needs to be
23 clarified because they're not specific in their request.

24 SENATOR PUCKETT: The staff has suggested
25 six months?

1 MR. PFOHL: yes.

2 SENATOR PUCKETT: Any other comments or
3 questions? I'd recommend we consider the staff's timeframe
4 on the Lebanon one, six months. Probably the Lee County IDA
5 has somebody that is here and wants to object. I'd say for
6 bidding and construction purposes, six months is probably
7 not enough time. Those are the two specific timeframes that I
8 would suggest the Committee extend.

9 MR. PFOHL: The regional technology, Scott
10 County, the Town EDA is recommending a specific timeframe,
11 the extension on the regional technology frontier, six months
12 or 12 months.

13 SENATOR PUCKETT: Let's say six months,
14 that's a specific timeframe here. Any other comments? You've
15 heard the report and heard the timeframe changes on those
16 three. Do I hear a motion we approve the staff's
17 recommendation on those?

18 DELEGATE JOHNSON: So moved.

19 SENATOR PUCKETT: It's been moved and
20 seconded. All those in favor say aye, (ayes). Opposed no. (No
21 response). All right, that motion is approved.

22 MR. NOYES: Mr. Chairman, on the
23 instructions to the staff, we don't need to take this in front of
24 the full Commission, you have the ability to make this decision
25 and staff will execute.

1 SENATOR PUCKETT: Thank you.

2 MR. PFOHL: The other business we have are
3 some requests for changes for the use of funds on existing
4 grants. The first one on page three of the staff report is the
5 Citizen's Telephone Cooperative, Tobacco Region Access
6 Connection for grant number 1764. This is a telephone grant
7 from the Technology Committee two years ago for a project to
8 interconnect the Mid-Atlantic Broadband cooperative with
9 Bristol Virginia Utilities and our other fiber grantee. The
10 original connection was completed well under budget and they
11 have left \$519,174 remaining. They're proposing new
12 construction in Carroll County that would serve the Wildwood
13 Commerce Park Megasite at I-77 Exit 19. It's also the same
14 path that the Wired Road Broadband network in their
15 megasite proposal. I've contacted them about working
16 together so we don't duplicate and build two fiber facilities in
17 the same path. Those grantees are in active conversation right
18 now and they haven't struck a deal yet. They're willing to
19 table this project until your Committee in May so they'll have
20 more time to work through the financial technical aspects and
21 the staff recommends it be tabled.

22 Jumping over to page four, Crossroad Regional
23 Development Authority Progress Park Sanitary Sewer
24 Improvements, grant number 1326. This is a \$150,000 grant
25 approved in 2007. This was to construct sanitary sewer

1 service to serve southern portions of Progress Park, a revenue
2 sharing site in Wythe County. The grantee has anticipated
3 that their four year anniversary is coming up in April and
4 they're asking for a one year extension for the fifth anniversary
5 of that award which will be April 2012 so they can construct
6 sanitary sewers to serve that megasite and the regional and
7 industrial revenue sharing part is \$150,000 balance and a one
8 year extension is requested.

9 Lee County Industrial Development Authority
10 was awarded just over a million dollars earlier in FY11 for a
11 grant to assist them with an active prospect to move into the
12 county shell building at the Constitutional Oaks. That
13 prospect unfortunately is no longer a prospect. The County is
14 now working with another prospect company. The County is
15 requesting a \$352,375 of the earlier grant number 2122 be
16 shifted to assist this current prospect. That's for purchasing
17 equipment that will be put into a county IDA owned facility in
18 Dryden. This is a company that has acquired a golf apparel
19 product line and they're looking to start up as soon as the
20 Commission approves this and will be attending and
21 conducting golf apparel shows. They'll be doing this during
22 the winter and presenting their product. The staff is
23 recommending that a repurposing of that amount, \$352,375
24 originally approved under grant 2122 now be shifted over to a
25 new grant, new 2284 and we have a full application submitted

1 for this to assist this project. Contingent upon the IDA
2 retaining ownership of the Tobacco Commission funded assets
3 and successful completion of a performance agreement to be
4 signed by the company committing to the proposed job
5 creation over a 36 month period. They're starting off talking
6 about having 25 employees and increasing to 50 in year two
7 and 82 by year three, 101 jobs by year four.

8 MR. MONTGOMERY: I'm concerned about this
9 for a couple of reasons. It says the urgency of this request is
10 to enable the company to produce product for display at the
11 professional golfer's association trade shows in late January.
12 Is that January of this year?

13 MR. PFOHL: Yes, sir. We raise that issue that
14 it will be unusual for us to purchase raw material for a
15 prospect. The IDA talked to the prospect. They now have
16 additional equipment so the request from us would be entirely
17 for equipment owned by the IDA.

18 MR. MONTGOMERY: Is this a cut and sew
19 operation?

20 MR. PFOHL: It's my understanding that they
21 take the raw yarn and weave the fabric and then do shirts and
22 golf hats and so forth.

23 MR. MONTGOMERY: What assurances do you
24 have that those kinds of employees will be there and for how
25 long? Some of these kind of things have a tendency to come

1 and go as long as they have the grant.

2 MR. PFOHL: The staff is suggesting that we
3 use the TROF performance agreement and the company agree
4 that they will create and maintain these jobs for a 36 month
5 period of time. The question is, what job target do you want to
6 make the company hit, is it a 25 level in year one or 50 level in
7 year two? They're supposed to have 82 jobs by year three.

8 MR. NOYES: The standard TROF agreement is
9 36 months.

10 MR. MONTGOMERY: You're taking money
11 away from Constitutional Oaks and moving it to Dryden. The
12 Constitutional Oaks part is pretty good I think. I'm just
13 wondering how we'd get that money back.

14 MR. LONG: I'm Tim Long, Lee County IDA.
15 It's my understanding a \$1,075,000 and I stand to be
16 corrected if I'm wrong, since that prospect has not had funding
17 and taking money away from the TROF agreement and the
18 performance agreement. We've had a TROF agreement with
19 \$1,075,000 and that was contingent upon the signing of the
20 performance agreement, \$500,000. The problem with that
21 prospect coming back, the IDA just couldn't do that one. This
22 new prospect, the Robert Ryan Golf, they were previously
23 located in St. Charles but because of problems he had
24 financially, that company went over and got new partners
25 involved and a golf pro. They've manufactured golf shirts and

1 golf apparel throughout the country. We have somebody from
2 the New York Jets that has looked at the shirts and right now
3 they have a Greenway shirt but they want to look at these
4 shirts that are made in Southwest Virginia. But they're ready
5 to move in, in a 32,000 square foot building that the IDA's
6 going to let them have rent free for a year. We'll have 10 jobs
7 immediately and they'll be moving things from St. Charles. It's
8 a new endeavor and a new shirt; 427 is the type of yarn. To
9 have a yarn inventory is very necessary to get this company
10 going. I talked to the prospect and if he can in anyway include
11 a couple of more pieces of equipment, it would be the
12 equipment phase and not the inventory phase. I think its
13 \$492,000 for a type of sewing machine and another one and
14 some design hardware. It will take the yarn, those pieces the
15 IDA would own. We can control everything like the building,
16 the equipment and everything. Twenty-five new jobs is
17 nothing to sneeze at for Lee County. We've been hit very hard
18 with employment. Many people have been laid off and some of
19 those jobs are going to Guatemala. This is an opportunity to
20 and it's a good product for Lee County. You know a job is a
21 job. We've got money sitting there and we'll have to come back
22 to the Tobacco Commission anyway because of the
23 performance agreement and TROF and we couldn't fulfill that
24 previous obligation. The bottom-line is we're trying to create
25 jobs and make it good for our county so this outfit is

1 interested in making shirts. I think this is a very positive step
2 and something we should look into. I'm at the mercy of the
3 Board and I appreciate you hearing me.

4 DELEGATE KILGORE: The IDA would be the
5 owner of the equipment?

6 MR. LONG: Yes, we got the building and we're
7 making the lease ready. Five years ago that building was
8 vacant and sitting there now ready to go and we're fixing it up
9 and anything that needs to be done. I've got a shirt here to
10 pass out. It's a golf shirt and taken the yarn and making the
11 shirt and embroidering the shirt. They're combining all three
12 locations in Lee County, Virginia. I think this is a positive
13 thing.

14 MR. MONTGOMERY: Is that the same guy
15 that was in St. Charles? Who's the principal in that company?

16 MR. LONG: Robert Bryan. It was originally
17 Robert Bryan and he was then bought out. He owns probably
18 10 shares of this new company.

19 MR. MONTGOMERY: Was he involved in St.
20 Charles?

21 MR. LONG: Yes, he was.

22 MR. MONTGOMERY: He went under there,
23 right?

24 MR. LONG: Yes.

25 MR. MONTGOMERY: What was the most jobs

1 he had in St. Charles?

2 MR. LONG: Twenty-five.

3 MR. MONTGOMERY: For how long?

4 MR. LONG: He was there for 7 years.

5 MR. MONTGOMERY: As long as he had grant
6 money?

7 MR. LONG: No, he never received any grant
8 money. He had private investors and angel investors. This is
9 the first time he has ever approached us for anything. He's in
10 the process of or was in the process of expanding four years
11 ago. We approached him in St. Charles and tried to get him
12 before and thought maybe the investors could keep going with
13 this project. He has put some money on the table; \$300,000
14 was invested already in the project.

15 MR. MONTGOMERY: What kind of value does
16 this equipment have?

17 MR. LONG: New equipment.

18 MR. MONTGOMERY: But where could you sell
19 this. Many sewing operations have left the United States and
20 there's equipment everywhere as I understand it. Who would
21 want it if he couldn't make it?

22 MR. LONG: Well, there's been sewing
23 operations across the country. You're a businessman and
24 everybody else is a businessman and when you come across a
25 deal that you can win with, I'm sure you're going to buy. If

1 something happened, we could always put it on the internet; I
2 think we could do that.

3 SENATOR WAMPLER: Maybe I can get Tim to
4 help me sort through this. One issue would be how much risk
5 we would be exposed to and we would agree with this or
6 modify the duration of this 25,000, is that correct?

7 MR. PFOHL: Yes.

8 SENATOR WAMPLER: What's the dollar
9 amount?

10 MR. PFOHL: \$352,375.

11 SENATOR WAMPLER: That would be from
12 previously allocated funds, the TROF agreement that's no
13 longer –

14 MR. PFOHL: Actually it's Southwest Economic
15 Development that was awarded with the condition, the TROF.

16 SENATOR WAMPLER: The remaining balance,
17 the \$723,000 repurposing for what?

18 MR. PFOHL: I believe the County is willing to
19 return those funds to the Committee as the prospect is no
20 longer active.

21 SENATOR WAMPLER: The issue before us is a
22 \$300,000 plus dollar grant, the creation of 25 jobs in Dryden?

23 MR. PFOHL: Yes.

24 DELEGATE KILGORE: You're saying the yarn,
25 is that part of the deal?

1 MR. PFOHL: 352 is what's on the application.

2 DELEGATE KILGORE: Twenty-five jobs the
3 first year and 83 over three years or the third year? Is it 82
4 over three years?

5 MR. PFOHL: Yes.

6 SENATOR PUCKETT: Any further questions?

7 MR. LONG: Thank you, I appreciate you
8 hearing me.

9 MR. PFOHL: I have another request for a
10 different grant which is Southwest Virginia Community
11 Foundation, Inc. have gotten three grants from the Committee,
12 2007, 2009, the Gate City Clinch Mountain Performing Art
13 Center grant number 1368 with a \$14,000 balance. Then
14 grant number 1426 has a \$50,000 balance remaining and
15 grant number 1911 which is a \$500,000 grant that requires a
16 dollar for dollar match from non-Commission funds. The
17 concept originally for the performing arts center was new
18 construction in downtown Gate City. The grantee did proceed
19 with some design work, did the design for the new performing
20 art center. That was to design the new performing art center
21 and then subsequently realized that that \$5 million project is
22 probably not feasible in the current fundraising environment.
23 They were approached by the Town of Gate City which is the
24 owner of a historic downtown theater to refocus that
25 performing arts project in the Historic Gate City Theatre. The

1 grantee is requesting that the balances that remain in those
2 three grants be shifted to the restoration of the Historic Gate
3 City Theatre. The staff is suggesting that the dollar for dollar
4 match condition on grant 1911 be kept in place. They like the
5 fact that while pursuing the restoration of the Historic Theatre
6 that opens up the possibility of federal and state historic tax
7 credit, possibly new market tax credit, foundation grants for
8 foundations and public historic theaters and so forth. The
9 staff is recommending those remaining balances in those three
10 grants could be repurposed to focus on the restoration of the
11 Gate City Theatre contingent on a dollar for dollar match.
12 Grant 1911 completion of an execution or agreement with the
13 Town of Gate City Foundation regarding use and operations of
14 the facility, and tracking and reporting all economic activity
15 directly generated by the facility.

16 DELEGATE JOHNSON: In looking at the staff
17 recommendation on the last line, tracking and reporting of
18 economic activity directly generated by the facility, what's the
19 reason or what does that have to go through?

20 MR. PFOHL: Outcome measurements which is
21 our focus now; reporting on activities that are generated as a
22 result of our funding. I think the ability to sell tickets and
23 count heads for the theatre is something they're capable of.

24 DELEGATE JOHNSON: How does that affect
25 as far as how many tickets are sold? It's a little hard to

1 understand that. That seems like something after the fact
2 that's not needed.

3 MR. PFOHL: We're trying to create an
4 expectation that folks are responsible for tracking the results
5 of our investment and reporting those to us so we can
6 aggregate the results of our investment and report that
7 through our outcome measurements. In this case, I think we
8 probably need to make a distinction that we're more interested
9 in visitors coming to the area and spending money than we are
10 necessarily in how many local school children and local
11 residents.

12 SENATOR PUCKETT: Any other questions?
13 The chair would entertain a motion to accept these
14 recommendations from the staff in a block unless anyone
15 wants to take something out of the block.

16 MR. MONTGOMERY: So moved.

17 DELEGATE JOHNSON: Second.

18 SENATOR PUCKETT: It's been moved and
19 seconded that we accept the staff recommendations for
20 repurposing of these grants. All those in favor say aye (ayes).
21 Opposed. (No response). The motion carries. That brings us
22 to new business. Tabled grant proposal, Town of Nickelsville.

23 MR. PFOHL: In the FY11 grant cycle the
24 Committee tabled two projects, proposal 2112, Town of
25 Nickelsville, Nickelsville Community Multi-Use Medical Facility

1 requested \$680,000. At the time your Committee met to
2 consider the FY11 proposals, there was a pending application
3 to the Virginia Department of Housing and Community
4 Development for community development block grant funds
5 \$700,000 requested for the CDBG funds used to acquire and
6 purchase and upfit of a facility in Nickelsville. That was to
7 equip that building for dental and a pharmacy and medical
8 services would be offered there. We were notified by BHCD
9 that a funding approval has been submitted by a state agency
10 and it will be finalized for the Town of Nickelsville. The Town
11 of Nickelsville has asked to table the proposal. It will be
12 brought up in front of you again.

13 SENATOR PUCKETT: Anyone have any
14 questions or want to comment on that?

15 MR. REDWINE: I've been contacted by these
16 folks and they brought this up back earlier in the year; \$1.4
17 million for the total project. We explained to them the current
18 personality of the Commission not to fund basically a green
19 project but we would try to help if people helped themselves.
20 We asked them to go out and search for other money and we
21 would not kill the project. I think it's a very, very valid project
22 and it's got a lot of merit. The health facilities in that general
23 area tend to be regional facilities. They're discussing the
24 possibility of dental, there's not a pharmacy within 15 or 20
25 miles of Nickelsville, mental health counseling and a wellness

1 center and therapy would be a one stop health shopping
2 facility. They certainly would serve people out of Castlewood
3 and St. Paul and Russell and Wise Counties in this facility.
4 We asked them to table that and they've been pushed a little
5 on the time limit just within the last three or four days. Did
6 they get the news that they were receiving \$700,000 grant
7 from DHCD. I do feel like this is a project that the
8 Commission could serve a great deal of people and give back
9 to an area that produced a lot of Tobacco for many, many
10 years and serves a regional purpose. I believe it deserves our
11 consideration. I'm willing to place a motion on the floor
12 contingent upon the fact that they go ahead and sign the grant
13 from CDBG and that is funded and contingent upon that, I
14 would place a motion on the floor to fund this to a level of
15 \$250,000.

16 SENATOR PUCKETT: You've heard the
17 motion. Is there a second? It's been moved and seconded.
18 Any further discussion? All in favor of the motion to spend
19 \$250,000 to the Nickelsville request of the Tobacco
20 Commission please say aye. (Ayes). All those opposed. The
21 motion carries.

22 MR. NOYES: Mr. Chairman, if I may, this will
23 require full approval by the Board.

24 SENATOR PUCKETT: All right. Tim, does this
25 complete your portion?

1 MR. PFOHL: That's all we have for you sir.

2 SENATOR PUCKETT: There's an issue with
3 Lenowisco –

4 DELEGATE KILGORE: I think there's a couple
5 here that need to be approved by the Board.

6 MR. NOYES: You're right, 2284.

7 SENATOR PUCKETT: Are those the only two?

8 MR. FERGUSON: Mr. Chairman, I there's a
9 total of three.

10 SENATOR PUCKETT: So we have three that
11 have to go before the full Commission. All right, thank you.

12 MR. MONTGOMERY: Mr. Chairman, this one
13 here I'm going to have to recuse myself from.

14 SENATOR PUCKETT: All right.

15 MR. SKINNER: My name is Glen Skinner,
16 Executive Director of Lenowisco Planning District Commission.
17 I've also got Mr. Robert Picchi with me. Bob is with the
18 Blueridge Advisory Group and he's involved in advising
19 Lenowisco on the broadband. I just wanted to make the
20 Committee aware of a project that we're working on. We've
21 been the recipient of a \$20 million grant and loan from in
22 combination from rural development continuation of our
23 broadband project and the investment made by the Tobacco
24 Commission. We've been working with rural development in
25 order to fulfill the requirements from rural development. One

1 of the requirements they spoke of was that we had to have an
2 operating agreement and we've been working with that group
3 in order to renegotiate a new deal. There are some issues with
4 regard to Lenowisco signing that which has caused us to kind
5 of review where we are with that because of the \$6 million of
6 that \$20 million grant loan combination. Six million dollars of
7 that is a loan and Lenowisco said they don't want to put
8 Lenowisco at that risk as a result of the \$6 million loan. We've
9 gotten very clear board direction as to how we might proceed
10 in regard to this. Mr. Meyers who's general manager of the
11 electric coop and based on the questions we've been having is
12 communicating with the Powell Valley Electric Coop basically
13 providing some assurances concerning the \$6 million. They
14 will do the transfer operations of Lenowisco broadband to
15 Powell Valley Electric Coop with regard to some of the research
16 that's going on with the electric utility. What we're here today
17 to talk to you about is just to make you aware of that because
18 we've got a deadline with rural development in order to accept
19 the terms. We want to be sure that we come to this body and
20 make the Committee aware of what we're doing. There's still
21 some paperwork that we've got to do and if we come back to
22 you in the future to sign off on any new operating agreement
23 that comes out of our relationship with the Powell Valley
24 Electric. This is just to make the Committee aware of what's
25 going on and answer any questions.

1 SENATOR PUCKETT: Does the Committee
2 have any questions about the efforts of Lenowisco to form new
3 working agreements? Any questions? Sometime in the future
4 you'll probably be back before the Committee so let us know
5 what's happening or if you need any action from the Board.

6 MR. SKINNER: There's been a lot of
7 discussion going on and last week actually we really didn't
8 have any time to prepare anything formally for the Committee.
9 We just wanted to make you aware.

10 MR. NOYES: To reiterate the Commission's
11 stance with regard to the fiber network, the Committee
12 assumes you're going forward with the principals and having
13 open access and working with all providers are treated equally.
14 That's the baseline from which you're proceeding in the new
15 agreement?

16 MR. SKINNER: Yes, sir.

17 SENATOR PUCKETT: Any other questions or
18 comments? Thank you Tim, look forward to hearing from you
19 in the future. Anything else to come before the Committee?
20 The next committee meeting will be set at a later time.

21 Any public comments, does anyone in the
22 audience wish to be heard from? Hearing none, I'd entertain a
23 motion to adjourn. All right, it's been moved and seconded
24 that we adjourn so we are adjourned.

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1 PROCEEDINGS CONCLUDED

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CERTIFICATE OF THE COURT REPORTER

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I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION, Southwest Economic Development Committee Meeting when held on Tuesday, January 11, 2011, at 8:30 a.m. at the Hilton Garden Inn [downtown], 501 East Broad Street, Richmond, Virginia.

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this 21st day of January, 2011.

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large
MY COMMISSION EXPIRES: October 31, 2010
CERTIFICATE NUMBER: 224566